the budget of this Principality were fully explained in my budget speech of last year. Every attempt is made to reduce expenditure under Cranganur consistent with administrative efficiency.

23. As the Cranganur Principality has not to shoulder the responsibilities of a separate financial unit of administration and its finances and administrative problems are to a very large extent merged in those of the State proper no serious inconvenience has happened so far on account of these recurring deficits. The strength and resources of the State have enabled it to carry on in spite of its weak financial position.

EXPENDITURE UNDER CAPITAL OUTLAY.

24. Now having completed the survey of all the estimates that are to come for the direct vote of the House I would proceed to those items of receipts and expenditure which though they are not voted are really items that influence the fortunes of the State and are therefore matters of no mean interest to the House.

Shoranur-Cochin Railway.

25. Of these, I would first take up the Shoranur-Cochin Railway. The net income from Railway for the current year is Rs. 4·86 lakhs. The same for 1115 is anticipated at Rs. 4·37 lakhs. On the capital expenditure of the main line excluding the Edapilli-Ernakulam branch line which has not been completed the net return for the year 1114 works out to 4·6 per cent.

26. Out of the original estimated expenditure of Rs. 13·66 lakhs, for the Edapilli-Ernakulam line Rs. 9,55,649 have been already incurred. The capital expenditure to be met on account of this work in 1115 is anticipated only at Rs. 3,54,175 and it is hoped that with this the entire capital expenditure on account of the broad-gauge conversion and the linking up of the Shoranur-Cochin Railway with the Harbour area would be completed.

27. Compared to the previous year the goods traffic on the Shoranur-Cochin line in the year 1938—39 has risen by Rs. 28,274. In the passenger traffic, however, there was a slight fall to the extent of Rs. 12,488. The total earnings from goods and passenger traffic in 1938—39 were Rs. 16·87 lakhs, the goods traffic contributing Rs. 11·38 lakhs and the passenger and other miscellaneous traffic Rs. 5·49 lakhs.

The Cochin Harbour.

28. The capital expenditure the State has incurred so far on account of the fourth stage of the Cochin Harbour works comes to Rs. 57·80 lakhs. In the next year, 1115, provision has been made for a further capital expenditure of Rs. 3·68 lakhs and this would complete the payments

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to the Harbour Authorities on account of the fourth stage works which the Cochin Government have guaranteed. By the next year the capital expenditure both on account of the Harbour and the Railway will therefore have been completed.

29. The expenditure that the State incurred towards the cost of the first three stages of the Harbour including the cost of reclaiming 250 acres of the Willingdon Island was Rs. 41·43 lakhs. Of this, the cost on account of the reclamation of 250 acres alone came to Rs. 37·50 lakhs. The Harbour Authorities repaid the cost on account of the reclamation of 150 acres amounting to Rs. 22·50 lakhs towards the close of last year. This amount has been taken as a rebate in the expenditure on account of the Harbour works and the result is that the capital outlay under Harbour reclamation now stands at Rs. 15 lakhs instead of the original Rs. 37½ lakhs. And on this Rs. 15 lakhs now outstanding Government receive interest every half year at the rate of 5 per cent per annum.

30. While repaying the cost of the reclamation grounds of 150 acres the Harbour Authorities also paid royalty and interest on the investments made by the Government from time to time to the extent of Rs. 5·92 lakhs. The total amount thus received from the Harbour Authorities on account of the sale of 150 acres of reclamation grounds was Rs. 28·42 lakhs of which Rs. 22·50 lakhs have been taken as a rebate as explained already. The whole of this amount which till now had been lying locked up without interest will hereafter earn interest.

31. And this is the main reason for the increase in the income under Interest. While as per the accounts of 1113 the interest realised was only Rs. 1,58,100, it is anticipated that in 1115 the interest realised will be Rs. 2,38,300.

32. The Hon'ble Members would remember that to finance the capital expenditure on account of the fourth stage works and the cost of the dredger, the two together amounting to Rs. 74·81 lakhs, the Government raised the 3½ per cent loan of Rs. 30 lakhs and also arranged to take a temporary advance from the Government of India of Rs. 37 lakhs. Out of the proposed loan of Rs. 37 lakhs from the Government of India the Cochin Government have received so far Rs. 22 lakhs. The remaining Rs. 15 lakhs they propose to forego considering that sufficient funds are now available to finance the expenditure on the Harbour without resort to a further loan from the Government of India. Hence, the Hon'ble Members will observe that under Advances repayable to Government of India both at the end of the current year and at the end of 1115, the estimated figure is Rs. 22 lakhs only.

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33. According to the terms of the Agreement the Harbour Authorities are to repay to the Government the cost of the Dredger (Rs. 13⅓ lakhs) in 20 equated annual instalments. The repayment on account of this started in the year 1113 and both for the current year as well as for the next year a total income to the extent of Rs. 1·89 lakhs has been anticipated. The repayment from the Harbour Authorities on account of the advance of about Rs. 62 lakhs which they are taking from this Government would start only much later, in 1946, and therefore, no provision on this account will be made either next year or for some years to come.

34. The repayments by the Cochin Government to the Government of India of the loan of Rs. 22 lakhs that the former have taken have been provided both in the current and in the next year's budget. The same for 1114 is Rs. 66,861 and for 1115 Rs. 98,063.

Electricity Schemes.

35. Government have started thermal stations at Nemmara and Chittur and provision has been made to start a thermal station at Irinjalakkuda in 1115.

36. The capital expenditure on account of the Nemmara electrification works at the end of 1113 stood at Rs. 35,660. The works were completed in that year and therefore no further capital expenditure worth mention is incurred on this account in the current year. A return of 3·9 per cent on the total capital expenditure after making provision for depreciation at five per cent on the capital is expected in 1114. A return of 3·4 per cent after providing for depreciation is expected in 1115.

37. The Chittur station started work in the middle of the current year. The total capital expenditure at the end of the current year on account of this scheme will be Rs. 71,026. The demand for power has fallen short of expectations and therefore it is anticipated that there may be a loss of about Rs. 5,000 in the working of the scheme in the current year. This loss is treated as a charge on the Public Works budget in the accounts. In the next year—1115—it is expected that the loss will be reduced to Rs. 1,600.

38. The works at Irinjalakkuda are proposed to be started next year and a provision of Rs. 65,000 is made for the purpose in the capital budget of next year.

Water supply.

39. Government incurred an expenditure of Rs. 1,66,154 up to the end of 1113 towards the cost of the submerged pipe line to carry Alwaye water from the Ernakulam main land to Mattancheri across the backwaters. By the sale of the Barges and Tugs which were being used to carry the water before the pipe line was laid, there will

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be a receipt of Rs. 24,924 and to this extent the capital expenditure on the sub-merged pipe scheme will stand abated. The net result will be that at the end of 1115 the capital expenditure on account of the pipe line, after taking into account the two instalments of repayments towards capital amounting in all to Rs. 16,000 will come to Rs. 1,29,107.

Navigation Canals and Communications

40. The expenditure for the Shanmukham canal, the Appangat canal and the Shoranur bridge was met by debit to capital expenditure. The total expenditure on account of these schemes at the end of 1115 will be Rs. 1,78,500, Rs. 11,287 and Rs. 55,065 respectively. Of these, works on the Appangat canal had to be dropped for want of co-operation from the local public. A dividend of 4 per cent of the capital expenditure on account of the Shanmukham canal has been guaranteed by the Irinjalakkuda Municipality. From the toll collections of the Shoranur bridge it is expected that after providing a sum of Rs. 2,065 towards interest at 3½ per cent there will be a balance of Rs. 3,935 for repayment of capital next year.

LOANS TO MUNICIPALITIES.

41. At the end of 1113 Government had advanced the following amounts to the Ernakulam and Trichur Municipalities.

Ernakulam	Rs. 64,400
Trichur	Rs. 6,52,776

Of these, the loan of Rs. 64,400 to Ernakulam Municipality is the aggregate of different loans taken on different dates.

42. The loan to the Trichur Municipality was taken in 1113. At the end of the current year it is expected that as per the Revised Estimate figures the loans to Ernakulam Municipality will stand at Rs. 64,900 and the loan to the Trichur Municipality would have been completely repaid. The Trichur Municipality raised in the open market a loan of Rs. 6½ lakhs to repay the outstandings due to the Government. This Municipal loan, though the first of the kind in the State, was a great success.

43. A loan of Rs. 50,000 will be granted to the Mattancheri Municipality in the current year to help them in financing the extension of the water mains.

44. In the coming year it is anticipated that the Trichur Municipality may require a loan of Rs. 1,16,430 to purchase electrical machinery and accessories for the Power House. The formal application from the Municipality has not arrived and therefore the terms of this loan have yet to be fixed. Both the Ernakulam and the

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